



# FY20 Results

Monday, 31 August 2020

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# Business and strategy update

Renato Mota, CEO



# Business strength, resilience and transforming with purpose

## Financial highlights

Statutory NPAT <b>\$147.0 million</b>	<ul style="list-style-type: none"><li>› Substantial profit on sale of non-core businesses</li></ul>
UNPAT from continuing operations <b>\$124.0 million</b> (within previously disclosed guidance)	<ul style="list-style-type: none"><li>› Significant impact on revenue due to market impacts from market movements including COVID-19</li><li>› Addition of the ANZ Wealth Management Pensions &amp; Investments (P&amp;I) business adds \$25 million after tax in 2H20. P&amp;I economic interest via coupon - \$7 million vs FY19, \$50 million after tax</li><li>› ANZ ALs - (\$19.1 million) after tax loss – substantial opportunity to streamline the business</li><li>› Gross margin impacts during FY20 from legislative changes, including Early Access to Superannuation, and competitive dynamics</li></ul>
Underlying NPAT <b>\$128.8 million</b> (within previously disclosed guidance)	<ul style="list-style-type: none"><li>› Discontinued operations (Ord Minnett, Perennial Value Management and IOOF NZ)</li></ul>
FUMA up 46% from 30 June 2019 <b>\$202.3 billion</b>	<ul style="list-style-type: none"><li>› Completion of P&amp;I added \$77.1 billion FUMA</li><li>› Net inflows of \$779 million</li><li>› Total Early Access to Superannuation withdrawals of \$743 million funds under administration</li><li>› Market impact of (\$10.1 billion) due largely to COVID-19 related market movements</li></ul>
Attracting net inflows: <ul style="list-style-type: none"><li>• Platform <b>\$1.3 billion</b></li><li>• Advice <b>\$730 million</b></li></ul>	<ul style="list-style-type: none"><li>› Strong flows via Shadforth Portfolio Service (SPS)</li><li>› Expansion of ClientFirst operating model</li><li>› Launch of eXpand, Essential on Evolve proprietary technology</li></ul>
Fully franked final dividend per share <b>11.5cps</b>	<ul style="list-style-type: none"><li>› 60% payout ratio – prudent approach in response to COVID-19 pandemic impacts and macroeconomic outlook</li><li>› Expected to continue to target 60-90% dividend payout range</li></ul>



Note: All comparisons to prior comparative period unless otherwise stated

# Strategic priorities

## Simplify

- › Consolidating to one platform - Project Evolve on track for completion by end 2021
- › Proprietary technology developed in-house – ASIS technology platform already servicing \$12.9 billion of FUMA
- › Deliver service excellence via ClientFirst – NPS in platform +41<sup>1</sup>

## Grow

- › Completion of P&I transaction in February 2020 with P&I integration tracking to plan
- › Step-change in scale drives benefits for clients and accretion for shareholders
- › Revised cost synergies of \$68 million pre-tax p.a. (from \$65 million pre-tax p.a.) to be realised in full from 1 July 2023

## Focus

- › Advice 2.0 will reshape the delivery of financial advice for the benefit of all Australians
- › Re-organisation of the operating structure for IOOF advice businesses - to meet the changing needs of clients
- › Significant opportunity to reinvent the advice landscape in Australia

## Creating strategic clarity

- › Net proceeds from divestments of non-core subsidiaries - \$105 million total consideration from sale of subsidiaries during FY20
- › Sale of 14.2 million shares in Australian Ethical for total cash consideration of \$74.5 million post year end
- › IOOF has received an expression of interest in relation to AET. There is no assurance that the sale of AET will progress beyond the non binding indicative offer stage or be concluded

## Focusing on advice-led wealth management



Notes: (1) Based on member NPS result (June 2020).

# Delivering for shareholders

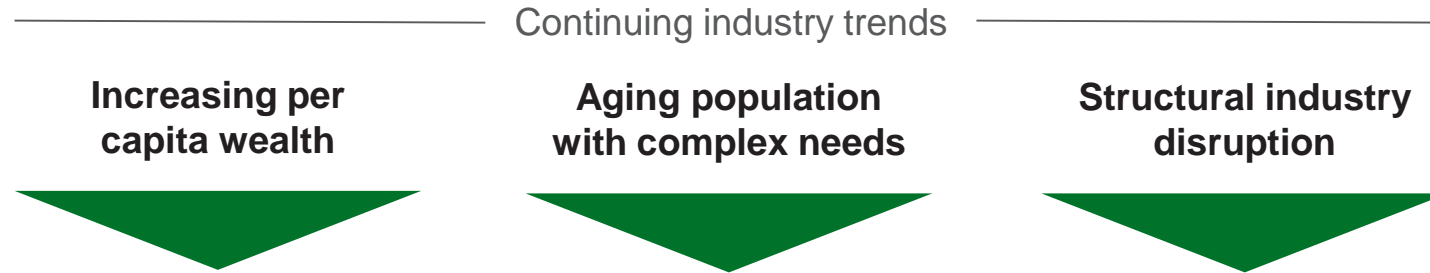
Segment	Financial Advice	Portfolio & Estate Administration	Investment Management	Ex-ANZ ALs	P&I
Highlights	<ul style="list-style-type: none"> <li>› Advice Net Promoter Score (NPS) +14<sup>1</sup></li> <li>› Shadforth advisers have increased their clients' weighting to new Evolve platforms – revenue captured in portfolio &amp; estate admin segment</li> <li>› Open architecture a key differentiator and provides choice to clients</li> </ul>	<ul style="list-style-type: none"> <li>› \$1.3 billion in net inflows despite market volatility - New Evolve platforms continued to see significant flows</li> <li>› NPS in platform +41<sup>2</sup></li> <li>› Continued investment in governance through people, systems and capability</li> <li>› Evolve on track for CY21 completion</li> </ul>	<ul style="list-style-type: none"> <li>› Top 5 Performing Growth Fund – 1 year to 30 June 2020<sup>3</sup></li> <li>› Complementary business with no exposure to institutional volatility and key person risk</li> <li>› Stable margin outcomes despite market volatility over 2H20</li> </ul>	<ul style="list-style-type: none"> <li>› Additional 3 months of loss making ALs vs pcp</li> <li>› Streamlining of best of breed systems, processes and procedures commenced</li> <li>› Target breakeven by FY23</li> </ul>	<ul style="list-style-type: none"> <li>› Successful completion of P&amp;I added \$77 billion of FUMA</li> <li>› Synergy realisation of \$18m at run rate to 30 June 2020</li> <li>› FY21 synergy target of \$43m annualised run rate</li> <li>› Separation and integration costs of \$70.8m incurred to date</li> </ul>
	UNPAT <sup>4</sup>	\$48.4m	\$58.1m	\$37.7m	(\$19.1m)

Sustainability through economic diversity



Notes: (1) Based on member NPS result (June 2020). (2) Based on weighted average NPS of FSP, RI Advice, Millenium3, Bridges, Consultum, Lonsdale and Shadforth (2019). (3) Chantwest - IOOF Multimix Balanced Growth Trust (4) Sum of total UNPAT from continuing operations equates to \$124.0 million when Corporate segment is included – FY20 UNPAT: (\$32.3 million)

# Transformation with purposes and through simplification



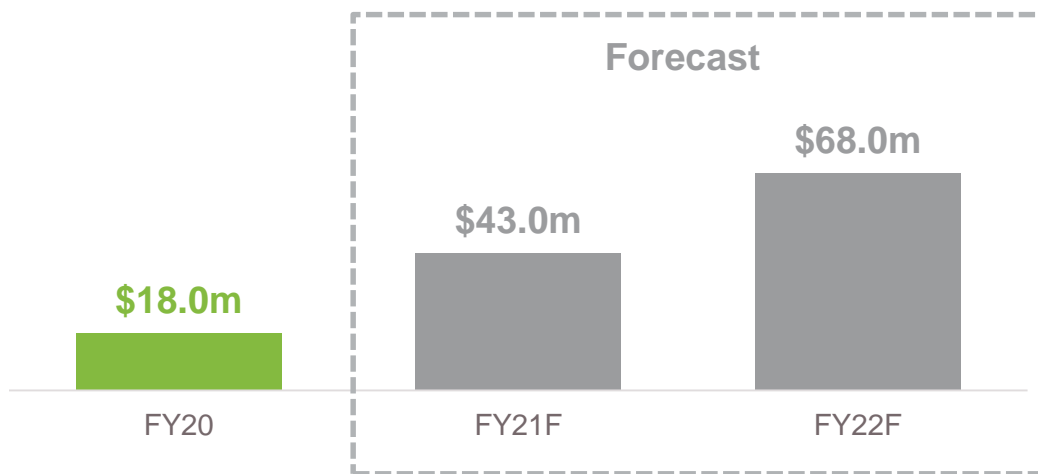
Strategy | Delivering advice-led wealth management

Phase	Stabilise	<b>Transform</b>	Prosper
Capabilities	<ul style="list-style-type: none"> <li>&gt; Purpose driven culture</li> <li>&gt; Uplift governance capabilities</li> <li>&gt; Capital management</li> </ul>	<p><b>Simplify</b></p> <ul style="list-style-type: none"> <li>&gt; Evolve - Platform simplification</li> </ul> <p><b>Grow</b></p> <ul style="list-style-type: none"> <li>&gt; P&amp;I integration</li> </ul> <p><b>Focus</b></p> <ul style="list-style-type: none"> <li>&gt; Advice 2.0 - Reinvention of advice</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Scalable, efficient model</li> <li>&gt; Best in class organisational capabilities</li> <li>&gt; Advice advocacy and trusted reputation</li> </ul>
Governance	Culture and Conduct		

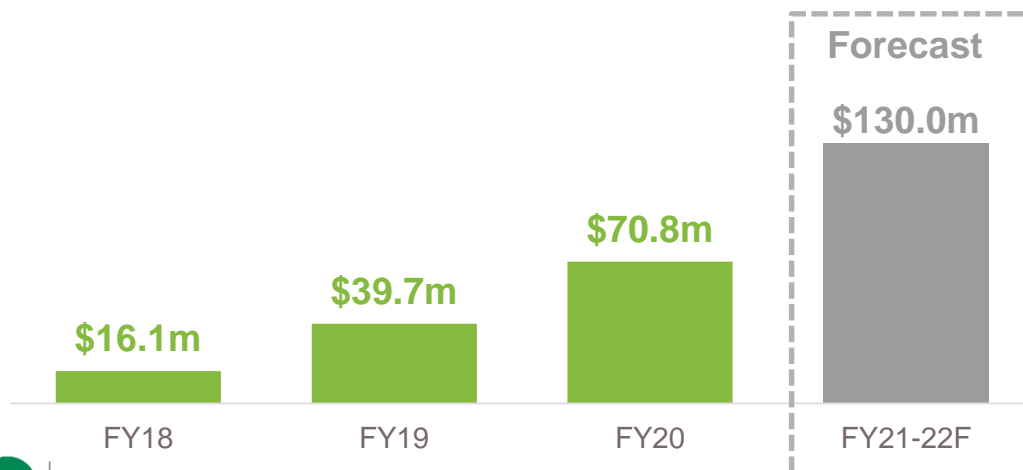
Purpose | understand me, look after me, secure my future

# P&I integration | ANZ Wealth synergy and integration and separation cost forecast

## Synergy outlook, by year - cumulative run-rate (\$ million)



## Integration and separation costs, by year – cumulative (\$ million)



- › The current forecast for ANZ Wealth (ALs and P&I) synergies is anticipated to deliver \$68 million of savings, with \$13 million realised at the time of P&I completing in Feb-20
- › Since completion, an additional \$5 million in run rate synergies realised due to reorganisation of the Ex-ANZ ALs and P&I businesses
- › For FY21 a further \$25 million in run-rate synergies is expected to be realised
- › Key components of synergies include:
  - FTE-related: ~85%
- › The current forecast for ANZ Wealth integration and separation costs has remained unchanged at \$130 million
- › During FY20, \$31 million of integration and separation costs were incurred mainly for
  - People/Consultants;
  - Technology;
  - Adviser retention payments; and
  - Redundancies

# Advice 2.0 - AFSL sustainability

Previously



From 1 September 2020

## Employed advice



Goals based advice



## Self-employed advice

Specialised model



Holistic advice



Licensee closure

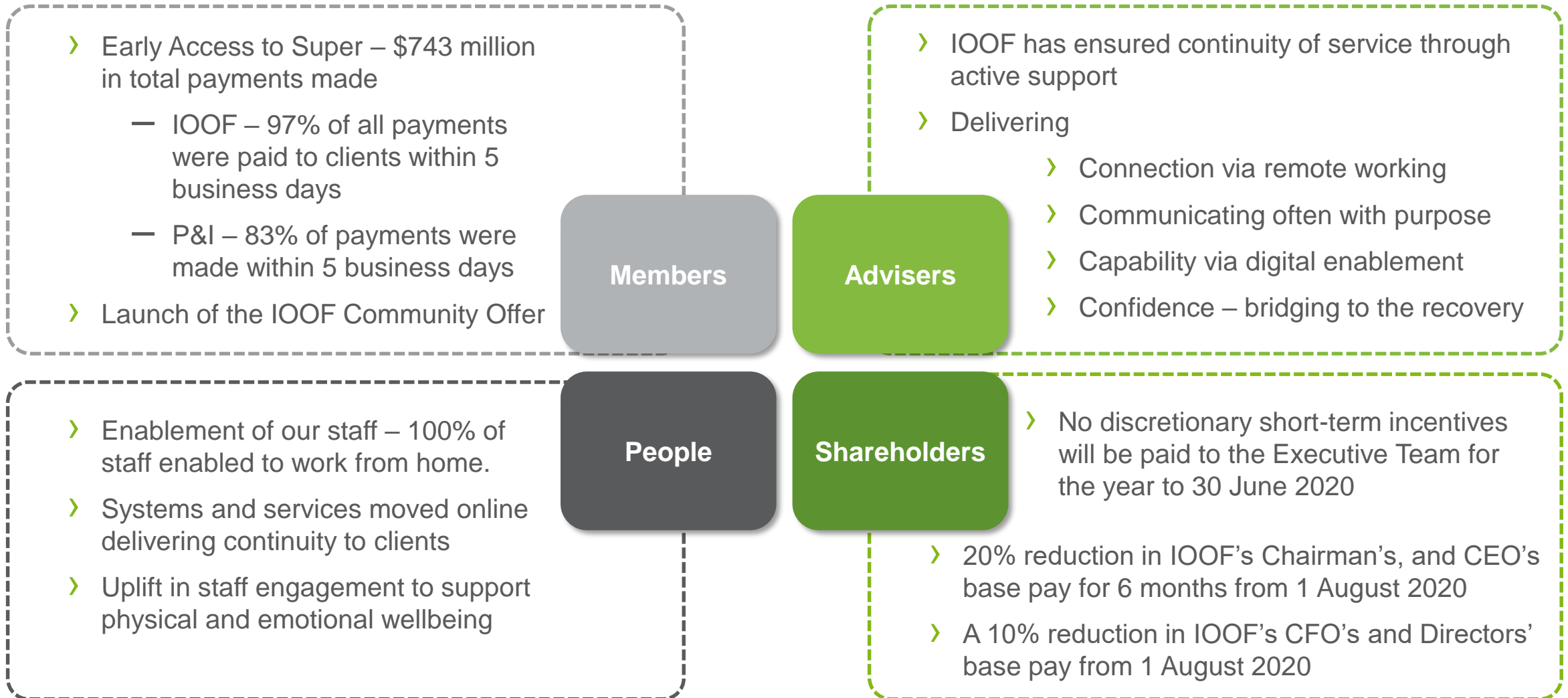


- › Bridges network to be transformed to a fully salaried network
- › BOLRs to be acquired at market rates as per contract – estimated spend; FY21: \$15-20 million, FY22: \$8-12 million
- › Reduction in the number of business structures from 5 to 2
- › Multi-brand approach remains
- › Single client service model, professional standards, scorecard and audit processes
- › Closure of FSP, EWM and Actuate
- › Support for the transition of advice practices into their choice of one of IOOF's licensees

**Total FY21 run-rate savings of \$10m p.a.**



# Supporting the community during COVID-19 pandemic and bridging to the recovery



# Financial Results

David Chalmers, CFO

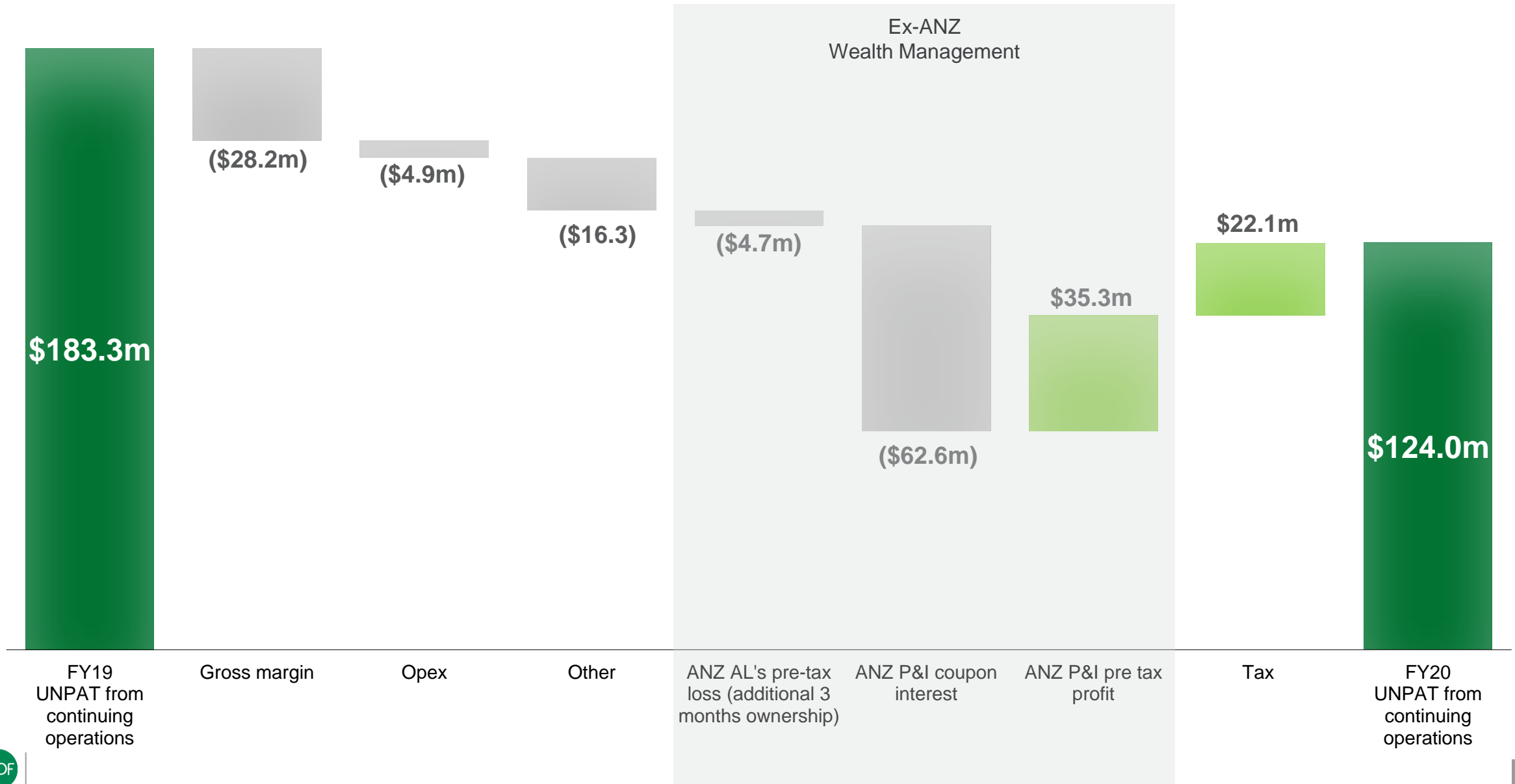


## Profit and loss breakdown

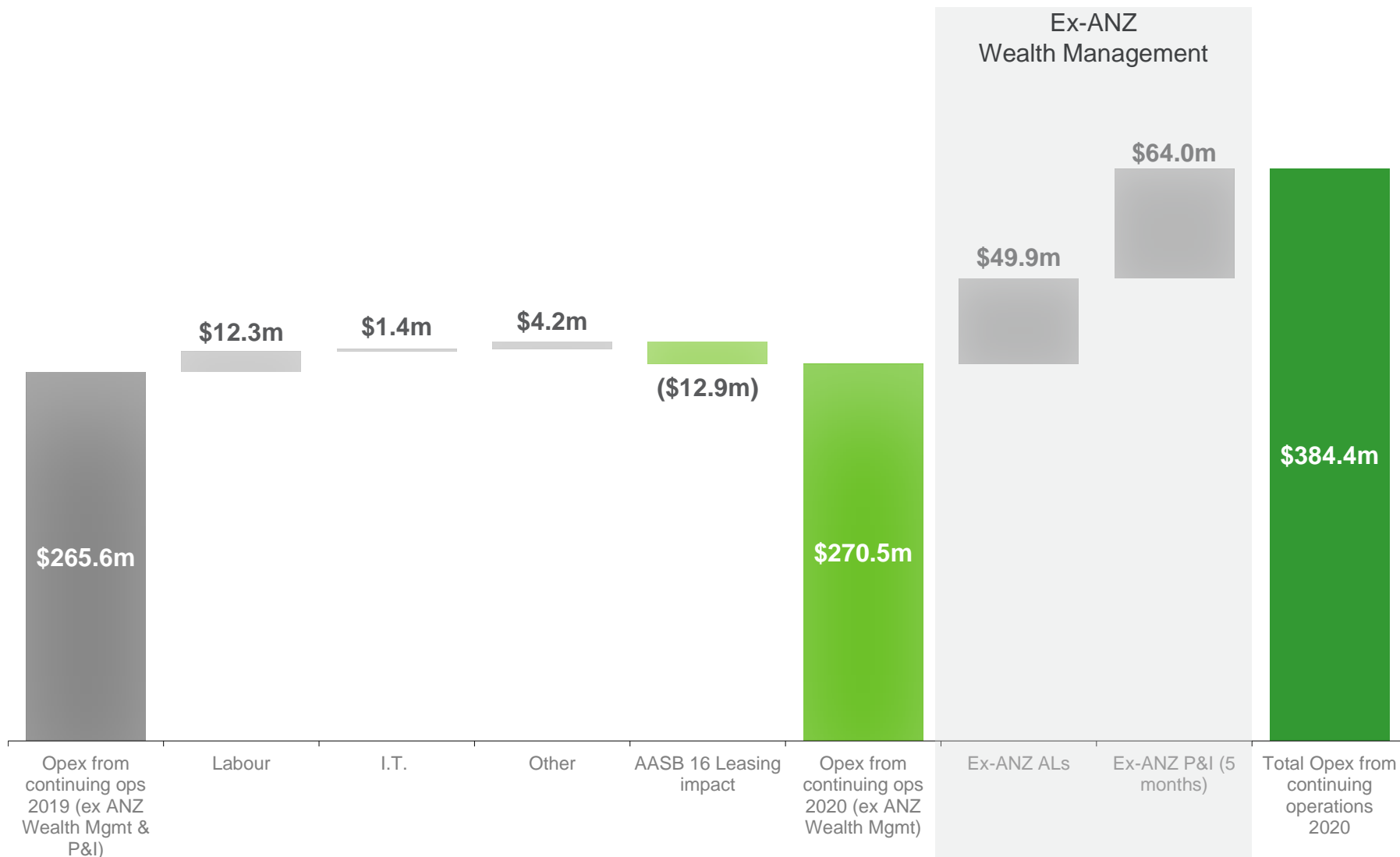
\$m unless otherwise specified	FY20	FY19	Change on pcp	
			\$'m	%
Gross Margin	577.6	496.8	80.8	16.3%
Other Revenue	11.3	15.7	(4.4)	(28.0%)
Operating Expenditure	(384.4)	(307.2)	(77.2)	25.1%
Equity Accounted Profits	(0.5)	-	(0.5)	-
Net Non Cash	(26.9)	(13.9)	(13.0)	94.1%
<b>Underlying EBITA</b>	<b>177.1</b>	<b>191.4</b>	<b>(14.3)</b>	<b>(7.4%)</b>
Net Interest	(3.0)	64.2	(67.2)	(104.7%)
Income Tax & NCI	(50.1)	(72.3)	22.2	(30.7%)
<b>UNPAT from continuing operations</b>	<b>124.0</b>	<b>183.3</b>	<b>(59.3)</b>	<b>(32.3%)</b>
Discontinued Operations	4.8	14.7	(9.9)	(67.4%)
<b>Underlying NPAT</b>	<b>128.8</b>	<b>198.0</b>	<b>(69.2)</b>	<b>(34.9%)</b>
Statutory NPAT	147.0	28.6	118.4	414.0%
Underlying EPS from continuing operations (cents per share)	36.7cps	56.3cps	(19.6cps)	(34.8%)
Dividend per share (cents per share)	27.5cps	44.5cps	(17.0cps)	(38.2%)
Cost to income ratio (%)	64.1%	52.6%	11.5%	21.9%

- › COVID-19 market impact (\$24.0 million)
- › Legislative change impact (\$18.0 million)
- › Inclusion of P&I gross margin - \$100.9 million
- › Uplift in governance (\$8.5 million)<sup>1</sup>
- › Inclusion of P&I opex (\$64.0 million)
  
- › ANZ P&I economic interest via coupon ceased on successful completion
  
- › FY20 discontinued operations - Ord Minnett UNPAT \$3.7 million, Perennial Value Management UNPAT \$1.0 million, IOOF NZ \$0.1 million

# Group UNPAT analysis



# Governance uplift impacts costs

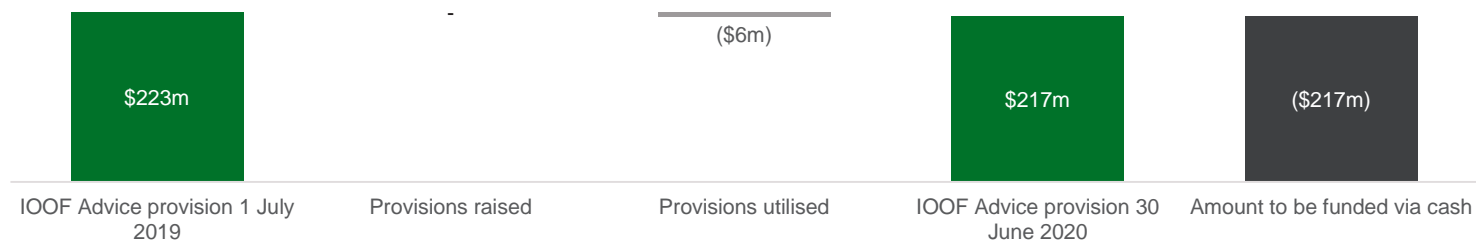


- > Labour cost increase relating to Governance uplift \$5.1 million for implementation of the OST, ORE and additional Risk & Compliance FTE
- > Labour cost increase \$3.7 million relating to salaried Bendigo FP staff now within Bridges
- > FY20 Ex-ANZ AL expenses broadly in line with FY19 run rate - substantial opportunity to streamline the business

# IIOF remediation provision summary

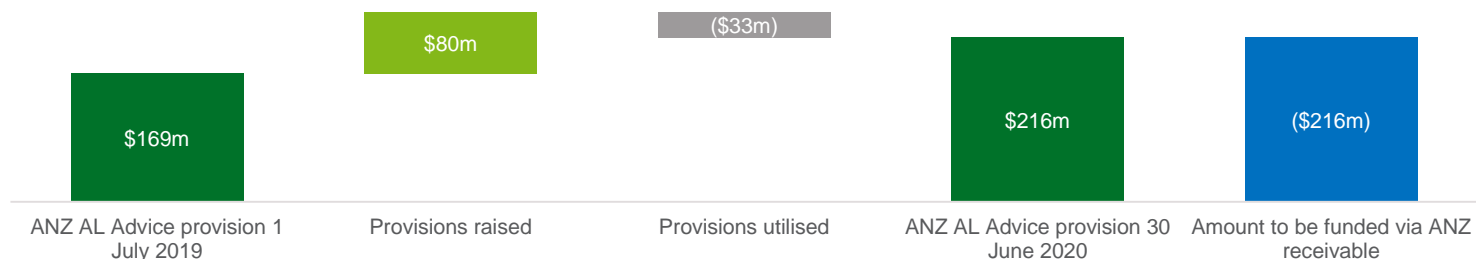
## > IIOF Advice remediation provision

- Payments to clients commenced in 2H20
- Remediation to be funded by available cash
- Remediation program to be substantially complete by FY22



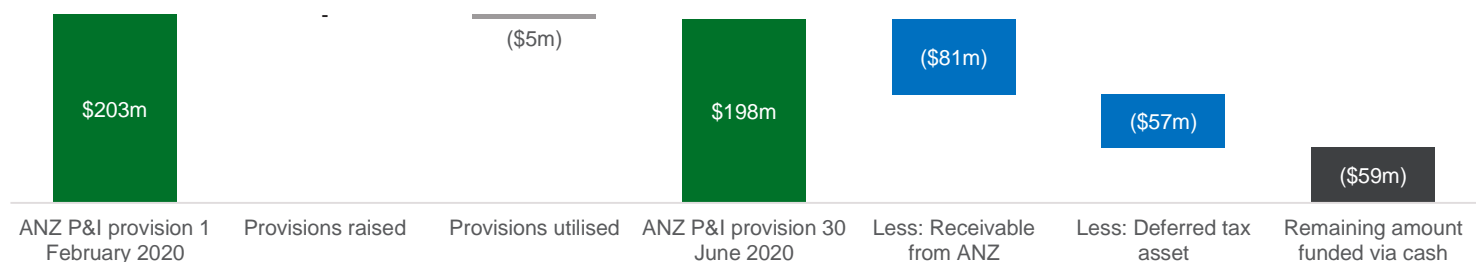
## > ANZ AL remediation provision

- The increase of \$80.4m is expected to fall within the financial cap of the remediation program arrangements with ANZ
- Remediation is running in line with anticipated schedule



## > ANZ P&I remediation provision

- Provision is subject to final net asset completion adjustment to be agreed with ANZ
- Remediation expected to be funded by a receivable from ANZ and other receivables
- No expected net cash impact to IIOF

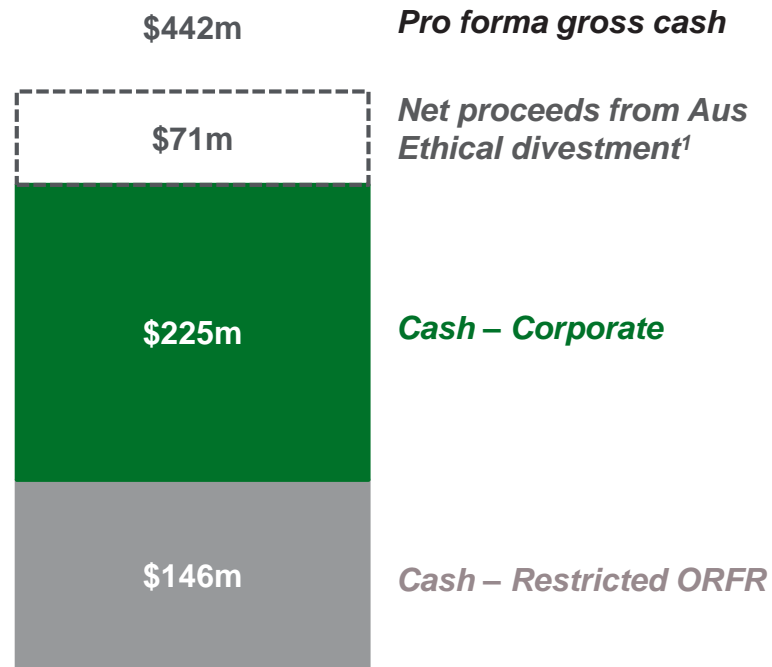


# Corporate Cash and Debt Facilities

Pro forma 30 June 2020 cash  
(post Aus Ethical divestment)

Significant existing funding headroom  
(30 June 20)

**Total pro forma  
corporate cash of \$297m**



\$615m

**Total debt facilities**



**Senior funding headroom**

**Drawn senior debt**

- › Revolving cash advance facilities include:
  - \$240 million maturing Sep 2022
  - \$375 million maturing Sep 2023
- › Net debt of \$371.2 million
- › Leverage ratio of 1.3x at 30 June (pro forma leverage of 1.1x post AEF divestment)
- › Target leverage remains at 1.0-1.3x



## Appendix A | Detailed FY20 financial results

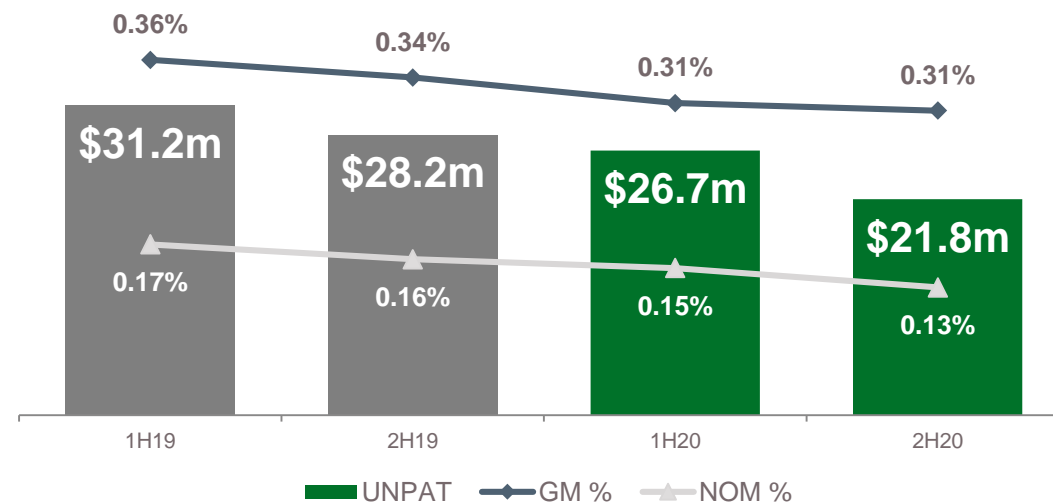
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# Financial Advice

- › Open architecture remains a competitive advantage
- › Shadforth advisers have increased their clients' weighting to IOOF portfolio administration – captured in portfolio & estate admin segment
- › Gross margin has been adversely impacted by revenue decline due to COVID-19
- › Trend towards fixed fee advice arrangements during the period – bps margins no longer a key metric of performance
- › Expenditure reduced in line with an increasing share of managerial and compliance oversight occurring within the ex-ANZ Wealth Management segment

\$m	FY20	FY19	2H20	1H20	2H19	1H19
Revenue	373.1	388.0	180.1	193.0	193.1	194.9
Direct Costs	(195.3)	(199.9)	(94.8)	(100.5)	(102.5)	(97.4)
<b>Gross Margin (GM)</b>	<b>177.7</b>	188.1	<b>85.3</b>	<b>92.4</b>	90.6	97.5
<b>GM %</b>	<b>0.31%</b>	0.35%	<b>0.31%</b>	<b>0.31%</b>	0.34%	0.36%
Other Revenue	5.7	7.4	2.1	3.6	3.1	4.3
Share of equity profit/loss	(0.5)	0.0	(0.4)	(0.1)	0.0	0.0
Operating Expenditure	(104.1)	(106.8)	(51.6)	(52.5)	(51.9)	(55.0)
Net Non Cash	(9.7)	(4.3)	(4.7)	(5.0)	(1.9)	(2.5)
Net Interest	(0.6)	0.1	(0.3)	(0.3)	0.1	0.0
Income Tax Expense/N.C.I	(20.2)	(25.1)	(8.6)	(11.6)	(11.8)	(13.3)
<b>UNPAT</b>	<b>48.4</b>	59.4	<b>21.8</b>	<b>26.7</b>	28.2	31.2
Average FUAdv (\$b)	<b>57.2</b>	53.9	<b>55.9</b>	<b>58.5</b>	53.7	54.0
<b>NOM %</b>	<b>0.14%</b>	0.16%	<b>0.13%</b>	<b>0.15%</b>	0.16%	0.17%

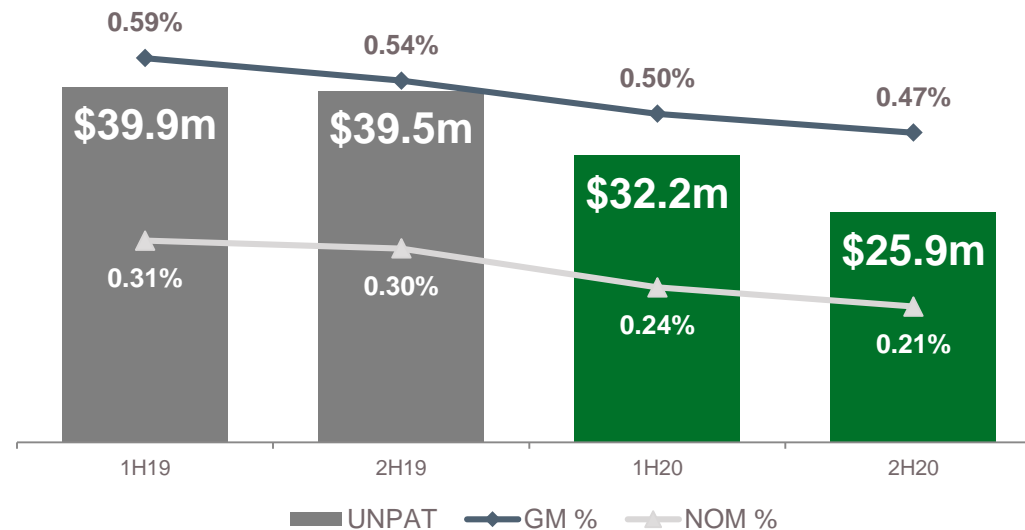


Note: Segment results are presented on a continuing operations basis (Excl Ord Minnett and IOOF NZ)

# Portfolio and Estate Administration

- › Gross margin reflects significant reduction in revenue over the period due to COVID-19 related impacts.
- › Launch of SPS generating significant net inflows
- › Basis point margin outcomes are largely the result of client preference for contemporary lower priced services
- › Increased expenditure primarily from increased governance via implementation of the Office of the Superannuation Trustee and additional Risk and Compliance FTE
- › No revenue derived from cash spread
- › Non cash items adversely impacted profitability due to adoption of AASB 16

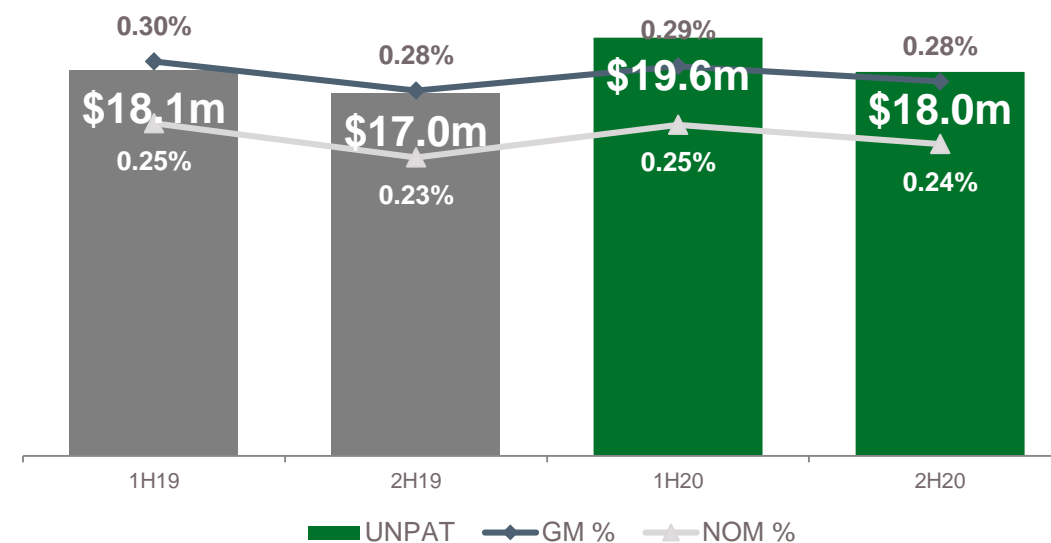
\$m	FY20	FY19	2H20	1H20	2H19	1H19
Revenue	398.6	410.4	191.9	206.7	201.3	209.0
Direct Costs	(187.1)	(178.4)	(92.0)	(95.2)	(88.5)	(89.9)
<b>Gross Margin (GM)</b>	<b>211.4</b>	232.0	<b>100.0</b>	<b>111.5</b>	112.8	119.1
<b>GM %</b>	<b>0.49%</b>	0.57%	<b>0.47%</b>	<b>0.50%</b>	0.54%	0.59%
Operating Expenditure	(115.0)	(108.9)	(56.1)	(58.9)	(52.3)	(56.6)
Net Non Cash	(11.4)	(7.7)	(5.6)	(5.8)	(3.4)	(4.3)
Income Tax Expense/N.C.I	(26.9)	(35.9)	(12.4)	(14.6)	(17.6)	(18.3)
<b>UNPAT</b>	<b>58.1</b>	79.4	<b>25.9</b>	<b>32.2</b>	39.5	39.9
Average FUAdm (\$b)	43.5	40.7	42.7	44.2	41.1	40.2
<b>NOM %</b>	<b>0.22%</b>	0.30%	<b>0.21%</b>	<b>0.24%</b>	0.30%	0.31%



# Investment Management

- › During considerable volatility, advisers were increasingly attracted to efficiency and performance gains from adopting a “ready made” investment solution for clients
  - Strong adviser support for our lower cost multi manager solutions – IOOF MultiSeries Trusts.
- › Multi-manager business model benefits from platform scale without being exposed to institutional volatility and key person risk

\$m	FY20	FY19	2H20	1H20	2H19	1H19
Revenue	105.7	104.1	50.8	54.9	52.8	50.0
Direct Costs	(39.2)	(41.0)	(18.9)	(20.3)	(22.4)	(17.2)
<b>Gross Margin (GM)</b>	<b>66.5</b>	63.1	<b>31.9</b>	<b>34.6</b>	30.4	32.7
<b>GM %</b>	<b>0.29%</b>	0.29%	<b>0.28%</b>	<b>0.29%</b>	0.28%	0.30%
Operating Expenditure	(10.5)	(10.7)	(5.3)	(5.2)	(5.6)	(5.2)
Net Non Cash	(1.9)	(1.8)	(0.8)	(1.1)	(0.4)	(1.4)
Income Tax Expense/N.C.I	(16.4)	(15.5)	(7.8)	(8.6)	(7.4)	(8.2)
<b>UNPAT</b>	<b>37.7</b>	35.1	<b>18.0</b>	<b>19.6</b>	17.0	18.1
Average FUM (\$b)	23.0	22.0	<b>22.7</b>	<b>23.3</b>	22.2	21.8
<b>NOM %</b>	<b>0.24%</b>	0.24%	<b>0.24%</b>	<b>0.25%</b>	0.23%	0.25%



Note: presented on a continuing operations basis. Excludes Perennial Value Management share of equity profit/loss.

## Ex-ANZ ALs (excludes P&I and coupon interest)

\$m	FY20	FY19	2H20	1H20	2H19	1H19
Revenue	218.5	152.2	112.1	106.4	102.3	49.9
Direct Costs	(198.0)	(139.6)	(101.0)	(97.0)	(93.9)	(45.7)
<b>Gross Margin (GM)</b>	<b>20.5</b>	12.5	<b>11.1</b>	<b>9.4</b>	8.4	4.1
<b>GM %</b>	<b>0.12%</b>	0.10%	<b>0.13%</b>	<b>0.11%</b>	0.10%	0.10%
Other Revenue	2.9	6.2	1.7	1.2	4.7	1.5
Operating Expenditure	(49.9)	(41.7)	(23.8)	(26.1)	(28.6)	(13.1)
Net Non Cash	(1.1)	(0.1)	(0.6)	(0.6)	(0.1)	(0.0)
Net Interest	0.1	0.3	0.0	0.1	0.2	0.1
Income Tax Expense	8.4	7.9	3.1	5.3	5.7	2.2
<b>UNPAT</b>	<b>(19.1)</b>	(14.8)	<b>(8.4)</b>	<b>(10.7)</b>	<b>(9.6)</b>	<b>(5.2)</b>
Average FUM (\$b)	17.0	16.7	17.2	16.8	16.4	17.0
<b>NOM %</b>	<b>-0.16%</b>	-0.18%	<b>-0.13%</b>	<b>-0.18%</b>	<b>-0.19%</b>	<b>-0.17%</b>

- › 12 months FY20 v 9 months FY19
- › Substantial opportunity to combine and streamline the ALs with Advice 2.0
- › Commitment to target breakeven by FY23

## P&I (includes P&I coupon interest 1H20 & FY19)

\$m	FY20	FY19	2H20	1H20	2H19	1H19
Revenue	168.2	-	168.2	-	-	-
Direct Costs	(67.3)	-	(67.3)	-	-	-
<b>Gross Margin (GM)</b>	<b>100.9</b>	-	<b>100.9</b>	-	-	-
<b>GM %</b>	<b>0.35%</b>	<b>n/a</b>	<b>0.35%</b>	<b>n/a</b>	n/a	n/a
Other Revenue	0.5	-	0.5	-	-	-
Operating Expenditure	(64.0)	-	(64.0)	-	-	-
Net Non Cash	(2.7)	-	(2.7)	-	-	-
Net Interest	10.0	72.0	2.0	8.1	43.3	28.7
Income Tax Expense	(13.4)	(21.6)	(11.0)	(2.4)	(13.0)	(8.6)
<b>UNPAT</b>	<b>31.3</b>	<b>50.4</b>	<b>25.7</b>	<b>5.6</b>	30.3	20.1
Average FUM (\$b)	69.8	-	69.8	-	-	-
<b>NOM %</b>	<b>0.13%</b>	n/a	<b>0.13%</b>	<b>n/a</b>	n/a	n/a

- › Successful completion of P&I acquisition in February 2020
- › 5 months contribution to UNPAT in FY20
- › \$18m of total \$68m run rate synergy target achieved to date
- › P&I portfolio predominantly Mastertrust products with fees varying by product. High proportion of percentage based fees - revenue moves more consistently with movements in FUM
- › Gross Margin includes outsourced WRAP administration expenses, a change to P&I disclosures made in prior announcements to align with IOOF reporting methodology
- › Run rate synergy target for FY21 \$43m

# P&I Historical unaudited proforma information

\$m	2H20	1H20	2H19	1H19
<b>Gross Margin (GM)</b>	<b>125.3</b>	<b>144.5</b>	146.9	153.6
<b>GM %</b>	<b>0.35%</b>	<b>0.38%</b>	0.40%	0.42%
Other Revenue	2.1	1.9	2.6	2.4
Operating Expenditure	(81.3)	(85.9)	(80.6)	(82.3)
Income Tax Expense	(13.7)	(18.2)	(20.7)	(22.1)
<b>UNPAT</b>	<b>32.4</b>	<b>42.3</b>	48.2	51.6
Average <sup>1</sup> FUAdmin (\$b)	45.8	48.5	47.1	47.3
Average <sup>1</sup> FUManagement (\$b)	25.9	26.8	25.6	25.4
<b>Total Average FUA + FUM (\$b)</b>	<b>71.7</b>	<b>75.2</b>	72.7	72.7
<b>NOM %</b>	<b>0.12%</b>	<b>0.16%</b>	0.19%	0.20%
<b>Cost to income ratio %</b>	<b>64.9%</b>	<b>59.4%</b>	54.9%	53.5%

- › 2H20 Pro forma result for six month period
- › Blended portfolio administration and investment management business
- › Prior period Gross Margin restated to align with IOOF reporting methodology
- › Gross Margin impacted by regulatory changes and declining FUA and FUM caused by net outflows and COVID-19 market volatility
- › Disciplined expense management with further opportunities to be realised post ANZ separation



Source: ANZ, IOOF. Unaudited. All amounts proforma.  
Notes (1) Averages calculated as a two point average from closing FuA and FuM at end of preceding period.

# Statutory NPAT reconciliation

	FY20	FY19
<b>Profit attributable to Owners of the Company</b>	147.0	28.6
Discontinued operations	(88.2)	(58.4)
<b>Profit/(Loss) from continuing operations attributable to Owners of the Company</b>	58.8	(29.8)
<i>Underlying net profit after tax pre-amortisation (UNPAT) adjustments:</i>		
Amortisation of intangible assets	36.7	37.7
Acquisition costs - Acquisition advisory	6.0	2.5
Acquisition costs - Integration preparation	25.0	20.8
Acquisition costs - Finance costs	0.1	0.4
Termination payments	2.9	2.0
Profit on divestment of assets	(1.5)	(0.4)
Non-recurring professional fees paid	6.4	2.0
Unwind of deferred tax liability recorded on intangible assets	(9.7)	(9.9)
Impairment of goodwill and investment	4.3	-
IOOF ADG remediation costs	1.5	235.3
Governance uplift costs	4.5	-
Other	1.4	0.9
Income tax attributable	(12.3)	(78.2)
<b>UNPAT from continuing operations</b>	124.0	183.3
UNPAT from discontinued operations	4.8	14.7
<b>UNPAT</b>	128.8	198.0

# Discontinued operations

\$'m	2H20	1H20	2H19	1H19
<b>Ord Minnett</b>				
Revenue	-	17.7	32.8	32.6
Direct Costs	-	(9.6)	(17.6)	(17.6)
<b>Gross Margin (GM)</b>	-	<b>8.1</b>	<b>15.2</b>	<b>15.0</b>
<b>GM %</b>	-	<b>0.27%</b>	<b>0.30%</b>	<b>0.32%</b>
Other Revenue	-	11.3	20.4	17.4
Operating Expenditure	-	(10.5)	(21.9)	(19.2)
Net Non Cash	-	(1.2)	(0.4)	(0.3)
Net Interest	-	(0.0)	0.2	0.3
Income Tax Expense/N.C.I	-	(4.0)	(6.7)	(6.4)
<b>UNPAT</b>	-	<b>3.6</b>	<b>6.8</b>	<b>6.6</b>
Average FUA (\$'b)	-	11.2	10.1	9.2
<b>Net Operating Margin %</b>	-	<b>0.29%</b>	<b>0.27%</b>	<b>0.28%</b>
<b>Corporate Trust</b>				
Revenue	-	-	2.0	4.4
Direct Costs	-	(0.0)	(1.9)	(2.8)
<b>Gross Margin (GM)</b>	-	<b>(0.0)</b>	<b>0.0</b>	<b>1.5</b>
<b>GM %</b>	-	-	-	-
Operating Expenditure	-	(0.0)	(0.1)	(1.7)
Net Non Cash	-	-	-	(0.0)
Net Interest	-	-	-	0.0
Income Tax Expense/N.C.I	-	-	-	0.0
<b>UNPAT</b>	-	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.2)</b>
<b>Perennial Value Management</b>				
Share of equity profit/loss	-	1.0	0.5	0.4
<b>UNPAT</b>	-	<b>1.0</b>	<b>0.5</b>	<b>0.4</b>
<b>IOOF NZ</b>				
Revenue	1.2	2.3	2.3	2.3
Direct Costs	(0.7)	(1.4)	(1.3)	(0.9)
<b>Gross Margin (GM)</b>	<b>0.4</b>	<b>0.9</b>	<b>1.0</b>	<b>1.4</b>
Operating Expenditure	(0.4)	(0.6)	(0.7)	(0.7)
Income Tax Expense/N.C.I	(0.0)	(0.1)	(0.0)	(0.2)
<b>UNPAT</b>	<b>(0.1)</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>
<b>UNPAT from discontinued operations</b>	<b>(0.1)</b>	<b>4.9</b>	<b>7.4</b>	<b>7.3</b>

UNPAT from discontinued operations





## Segment performance – corporate and other

\$'m	FY20	FY19	2H20	1H20	2H19	1H19
<b>Corporate</b>						
Revenue	0.9	0.5	0.5	0.4	0.2	0.2
Direct Costs	0.0	0.4	0.0	-	0.2	0.2
<b>Gross Margin (GM)</b>	<b>0.9</b>	<b>0.9</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Other Revenue	2.4	2.3	1.1	1.2	0.8	1.2
Operating Expenditure	(41.4)	(39.0)	(20.4)	(21.0)	(19.2)	(19.9)
Net Non Cash	(0.1)	0.0	(0.2)	0.1	0.7	(0.7)
Net Interest	(12.6)	(8.2)	(5.6)	(6.9)	(7.0)	(1.2)
Income Tax Expense/N.C.I	18.4	18.0	9.2	9.2	9.5	8.5
<b>UNPAT</b>	<b>(32.3)</b>	<b>(26.1)</b>	<b>(15.3)</b>	<b>(17.0)</b>	<b>(14.8)</b>	<b>(11.7)</b>

## Detailed segment performance

### Gross Margin

Management and Service fees revenue	389.9	98.3	355.8	203.7	165.3	-
Other Fee Revenue	8.7	7.3	17.3	14.8	2.9	0.9
Service and Marketing fees expense	(178.6)	(33.1)	(183.9)	(197.2)	(57.9)	-
Other Direct Costs	(8.4)	(6.1)	(11.4)	(0.8)	(9.4)	0.0
Amortisation of deferred acquisition costs	(0.1)	-	-	-	-	-

### Total Gross Margin

### Other Revenue

Stockbroking revenue	-	-	3.5	-	-	-
Stockbroking service fees	-	-	(1.2)	-	-	-
Dividends and distributions received	-	-	0.0	0.0	(0.1)	1.4
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	-	-	-	-	0.0	(0.0)
Profit on sale of financial assets	-	-	1.2	-	-	-
Other revenue	-	-	3.4	2.9	0.6	1.0
Other Revenue adjustments	-	-	(1.2)	-	-	-

### Total Other Revenue

### Equity Accounted Profits

Share of profits of associates and jointly controlled entities accounted for using the equity method	-	-	(0.5)	0.0	-	-
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### Total Equity Accounted Profits

### Operating Expenditure

Salaries and related employee expenses	(34.1)	(3.7)	(65.4)	(27.2)	(55.7)	(80.6)
Employee defined contribution plan expense	(2.8)	(0.3)	(4.8)	(2.3)	(1.4)	(6.9)
Information technology costs	(0.8)	(0.5)	(8.9)	(8.1)	(0.1)	(21.3)
Professional fees	(0.6)	(0.6)	(2.6)	(3.5)	(2.6)	(7.5)
Marketing	(0.6)	(0.1)	(3.8)	(2.6)	(0.2)	(2.0)
Office support and administration	(0.3)	(0.0)	(3.4)	(4.1)	(2.9)	(11.1)
Occupancy related expenses	(0.0)	(0.0)	(1.3)	(0.9)	(1.0)	(3.6)
Travel and entertainment	(0.8)	(0.1)	(0.8)	(1.1)	(0.0)	(1.7)
Corporate recharge	(74.9)	(5.2)	(13.0)	-	0.0	93.2
Other	(0.0)	-	(0.0)	(0.0)	-	-

### Total Operating Expenditure

Loss on disposal of non-current assets	-	-	-	-	-	0.0
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### Total Operating Expenditure

### Net non cash (Ex. Amortisation from acquisitions)

Share based payments expense	(1.1)	(0.6)	(1.0)	(0.1)	-	(0.1)
Depreciation of property, plant and equipment	(9.5)	(1.3)	(8.7)	(1.0)	(2.7)	0.0
Amortisation of intangible assets - IT development	(0.8)	-	-	-	-	-

### Total Net non cash (Ex. Amortisation from acquisitions)

### Net Interest

Interest income on loans to directors of controlled and associated entities	-	-	-	-	-	0.1
Interest income from non-related entities	(0.0)	-	0.1	0.2	10.3	0.7
Finance Costs	(0.0)	-	(0.6)	(0.0)	(0.2)	(13.3)

### Total Net Interest

### Income Tax & NCI

Non-controlling Interest	-	-	(0.0)	0.2	-	-
Income tax expense	(24.7)	(16.4)	(18.8)	16.7	(13.0)	28.0
Income tax expense adjustments	(2.2)	-	(1.4)	(8.5)	(0.4)	(9.5)

### Total Income Tax & NCI

### Underlying NPAT excluding Discontinued Operations

Discontinued Operations - Corporate Trust	-	-	-	-	-	-
Discontinued Operations - Ord Minnett	-	-	-	-	-	-
Discontinued Operations - IOOF NZ	-	-	-	-	-	-
Discontinued Operations - PVM	-	-	-	-	-	-

### Underlying NPAT (pre-amortisation of intangible assets)

	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY19
	P&EA	IM	FAD	Ex-ANZ ALs	P&I	Corp	GROUP CONTINUING TOTAL	GROUP CONTINUING TOTAL
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Gross Margin</b>								
Management and Service fees revenue	389.9	98.3	355.8	203.7	165.3	-	1,092.2	928.9
Other Fee Revenue	8.7	7.3	17.3	14.8	2.9	0.9	51.3	39.2
Service and Marketing fees expense	(178.6)	(33.1)	(183.9)	(197.2)	(57.9)	-	(529.7)	(442.7)
Other Direct Costs	(8.4)	(6.1)	(11.4)	(0.8)	(9.4)	0.0	(36.1)	(28.4)
Amortisation of deferred acquisition costs	(0.1)	-	-	-	-	-	(0.1)	(0.2)
<b>Total Gross Margin</b>	<b>211.4</b>	<b>66.5</b>	<b>177.7</b>	<b>20.5</b>	<b>100.9</b>	<b>0.9</b>	<b>577.6</b>	<b>496.8</b>
<b>Other Revenue</b>								
Stockbroking revenue	-	-	3.5	-	-	-	3.3	4.5
Stockbroking service fees	-	-	(1.2)	-	-	-	(1.2)	(1.2)
Dividends and distributions received	-	-	0.0	0.0	(0.1)	1.4	1.4	1.3
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	-	-	-	-	0.0	(0.0)	(0.0)	0.1
Profit on sale of financial assets	-	-	1.2	-	-	-	1.2	48.9
Other revenue	-	-	3.4	2.9	0.6	1.0	7.9	11.0
Other Revenue adjustments	-	-	(1.2)	-	-	-	(1.2)	(48.9)
<b>Total Other Revenue</b>	<b>-</b>	<b>-</b>	<b>5.7</b>	<b>2.9</b>	<b>0.5</b>	<b>2.4</b>	<b>11.3</b>	<b>15.7</b>
<b>Equity Accounted Profits</b>								
Share of profits of associates and jointly controlled entities accounted for using the equity method	-	-	(0.5)	0.0	-	-	(0.5)	0.0
<b>Total Equity Accounted Profits</b>	<b>-</b>	<b>-</b>	<b>(0.5)</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>(0.5)</b>	<b>0.0</b>
<b>Operating Expenditure</b>								
Salaries and related employee expenses	(34.1)	(3.7)	(65.4)	(27.2)	(55.7)	(80.6)	(266.7)	(195.4)
Employee defined contribution plan expense	(2.8)	(0.3)	(4.8)	(2.3)	(1.4)	(6.9)	(18.5)	(15.1)
Information technology costs	(0.8)	(0.5)	(8.9)	(8.1)	(0.1)	(21.3)	(39.7)	(36.6)
Professional fees	(0.6)	(0.6)	(2.6)	(3.5)	(2.6)	(7.5)	(17.4)	(9.7)
Marketing	(0.6)	(0.1)	(3.8)	(2.6)	(0.2)	(2.0)	(9.3)	(10.6)
Office support and administration	(0.3)	(0.0)	(3.4)	(4.1)	(2.9)	(11.1)	(21.3)	(15.7)
Occupancy related expenses	(0.0)	(0.0)	(1.3)	(0.9)	(1.0)	(3.6)	(6.8)	(18.1)
Travel and entertainment	(0.8)	(0.1)	(0.8)	(1.1)	(0.0)	(1.7)	(4.6)	(6.0)
Corporate recharge	(74.9)	(5.2)	(13.0)	-	0.0	93.2	0.0	-
Other	(0.0)	-	(0.0)	(0.0)	-	-	(0.0)	-
<b>Total Operating Expenditure</b>	<b>(115.0)</b>	<b>(10.5)</b>	<b>(104.1)</b>	<b>(49.9)</b>	<b>(64.0)</b>	<b>(41.4)</b>	<b>(384.4)</b>	<b>(307.2)</b>
Loss on disposal of non-current assets	-	-	-	-	-	0.0	-	(0.1)
<b>Total Operating Expenditure</b>	<b>(115.0)</b>	<b>(10.5)</b>	<b>(104.1)</b>	<b>(49.9)</b>	<b>(64.0)</b>	<b>(41.4)</b>	<b>(384.4)</b>	<b>(307.3)</b>
<b>Net non cash (Ex. Amortisation from acquisitions)</b>								
Share based payments expense	(1.1)	(0.6)	(1.0)	(0.1)	-	(0.1)	(2.9)	(4.8)
Depreciation of property, plant and equipment	(9.5)	(1.3)	(8.7)	(1.0)	(2.7)	0.0	(23.2)	(8.4)
Amortisation of intangible assets - IT development	(0.8)	-	-	-	-	-	(0.8)	(0.7)
<b>Total Net non cash (Ex. Amortisation from acquisitions)</b>	<b>(11.4)</b>	<b>(1.9)</b>	<b>(9.7)</b>	<b>(1.1)</b>	<b>(2.7)</b>	<b>(0.1)</b>	<b>(26.9)</b>	<b>(13.9)</b>
<b>Net Interest</b>								
Interest income on loans to directors of controlled and associated entities	-	-	-	-	-	0.1	0.1	0.2
Interest income from non-related entities	(0.0)	-	0.1	0.2	10.3	0.7	11.2	76.8
Finance Costs	(0.0)	-	(0.6)	(0.0)	(0.2)	(13.3)	(13.3)	(12.9)
<b>Total Net Interest</b>	<b>(0.0)</b>	<b>-</b>	<b>(0.6)</b>	<b>0.1</b>	<b>10.0</b>	<b>(12.6)</b>	<b>(3.0)</b>	<b>64.2</b>
<b>Income Tax &amp; NCI</b>								
Non-controlling Interest	-	-	(0.0)	0.2	-	-	0.2	0.2
Income tax expense	(24.7)	(16.4)	(18.8)	16.7	(13.0)	28.0	(28.2)	(73.7)
Income tax expense adjustments	(2.2)	-	(1.4)	(8.5)	(0.4)	(9.5)	(22.1)	1.3
<b>Total Income Tax &amp; NCI</b>	<b>(26.9)</b>	<b>(16.4)</b>	<b>(20.2)</b>	<b>8.4</b>	<b>(13.4)</b>	<b>18.4</b>	<b>(50.1)</b>	<b>(72.3)</b>
<b>Underlying NPAT excluding Discontinued Operations</b>	<b>58.1</b>	<b>37.7</b>	<b>48.4</b>	<b>(19.1)</b>	<b>31.3</b>	<b>(32.3)</b>	<b>124.0</b>	<b>183.3</b>
Discontinued Operations - Corporate Trust	-	-	-	-	-	-	-	(0.3)
Discontinued Operations - Ord Minnett	-	-	-	-	-	-	3.7	13.4
Discontinued Operations - IOOF NZ	-	-	-	-	-	-	0.1	0.7
Discontinued Operations - PVM	-	-	-	-	-	-	1.0	1.0
<b>Underlying NPAT (pre-amortisation of intangible assets)</b>	<b>58.1</b>	<b>37.7</b>	<b>48.4</b>	<b>(19.1)</b>	<b>31.3</b>	<b>(32.3)</b>	<b>128.8</b>	<b>198.0</b>

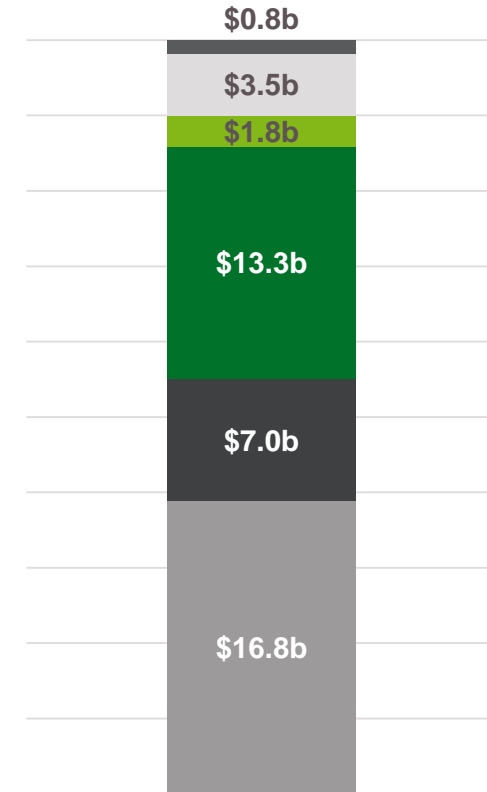
Note: Segment results include inter-segment revenues and expenses eliminated on consolidation



# Segment asset allocations

	30 June 2020	30 June 2019
<b>Advice</b>		
Australian Equities	37%	36%
Fixed Interest/Cash	32%	33%
International Equities	20%	23%
Property	7%	7%
Other	4%	2%
<b>Portfolio &amp; Estate Administration</b>		
Australian Equities	30%	32%
Fixed Interest/Cash	32%	33%
International Equities	23%	23%
Property	9%	7%
Other	4%	6%
<b>Investment Management</b>		
Australian Equities	21%	27%
Fixed Interest/Cash	41%	39%
International Equities	22%	22%
Property	10%	9%
Other	5%	4%
<b>P&amp;I Platform</b>		
Australian Equities	29%	
International Equities	28%	
Australian Fixed Interest	10%	
International Fixed Interest	10%	
Property	7%	
Cash	13%	
Other	3%	
<b>P&amp;I Investment Management</b>		
Australian Equities	26%	
International Equities	29%	
Australian Fixed Interest	15%	
International Fixed Interest	9%	
Property	10%	
Cash	8%	
Other	4%	

## Total P&I FUAdmin at 30 June 2020 - \$43.3b



- Advised (retail)
- Advised (wrap)
- Smart Choice Employer
- Employer Super (closed)
- Smart Choice Retail
- Other



## Appendix B | Additional details on strategy

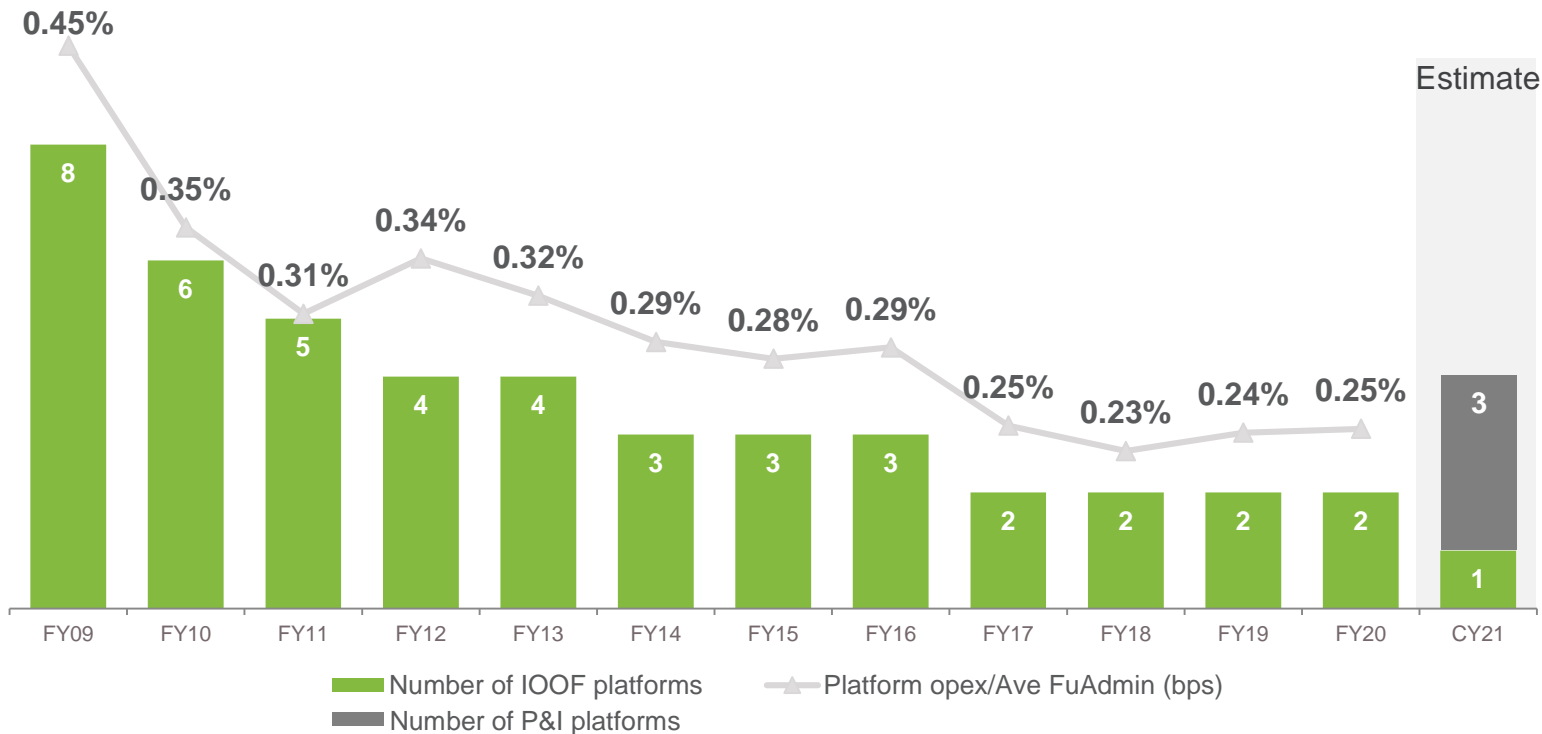
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# Evolve | Strategic rationale

**Evolve** - A cross enterprise programme of work to design, build and deliver a contemporary and flexible Platform technology capable of supporting IOOF's existing & future product suites

## Proven execution on known simplification path

### Leading service delivery and cost-to-serve



- › Reflects our belief in the ownership and control of client experience, end-to-end
- › Critical to improved client outcomes through efficiency, sustainability and ability to innovate
- › Complemented by open architecture
- › Whole of business focus, full agile / lean process across the business
- › ClientFirst approach to processes and feature design
- › Redesign of the existing ASIS platform
- › Total FuAdmin on platform of ~\$13 billion<sup>1</sup>



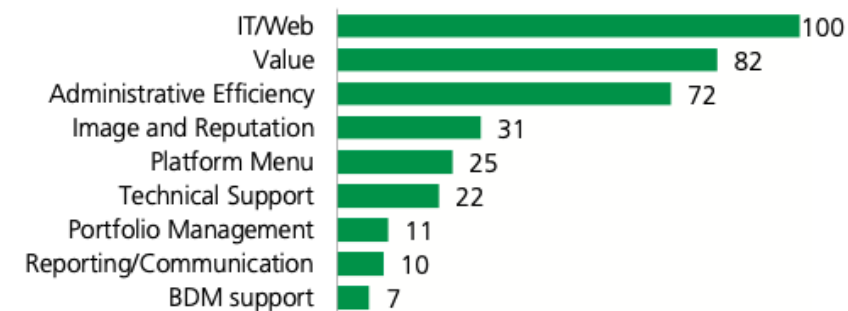
Notes: (1) As at 31 July 2020.

# Evolve | Delivering what matters

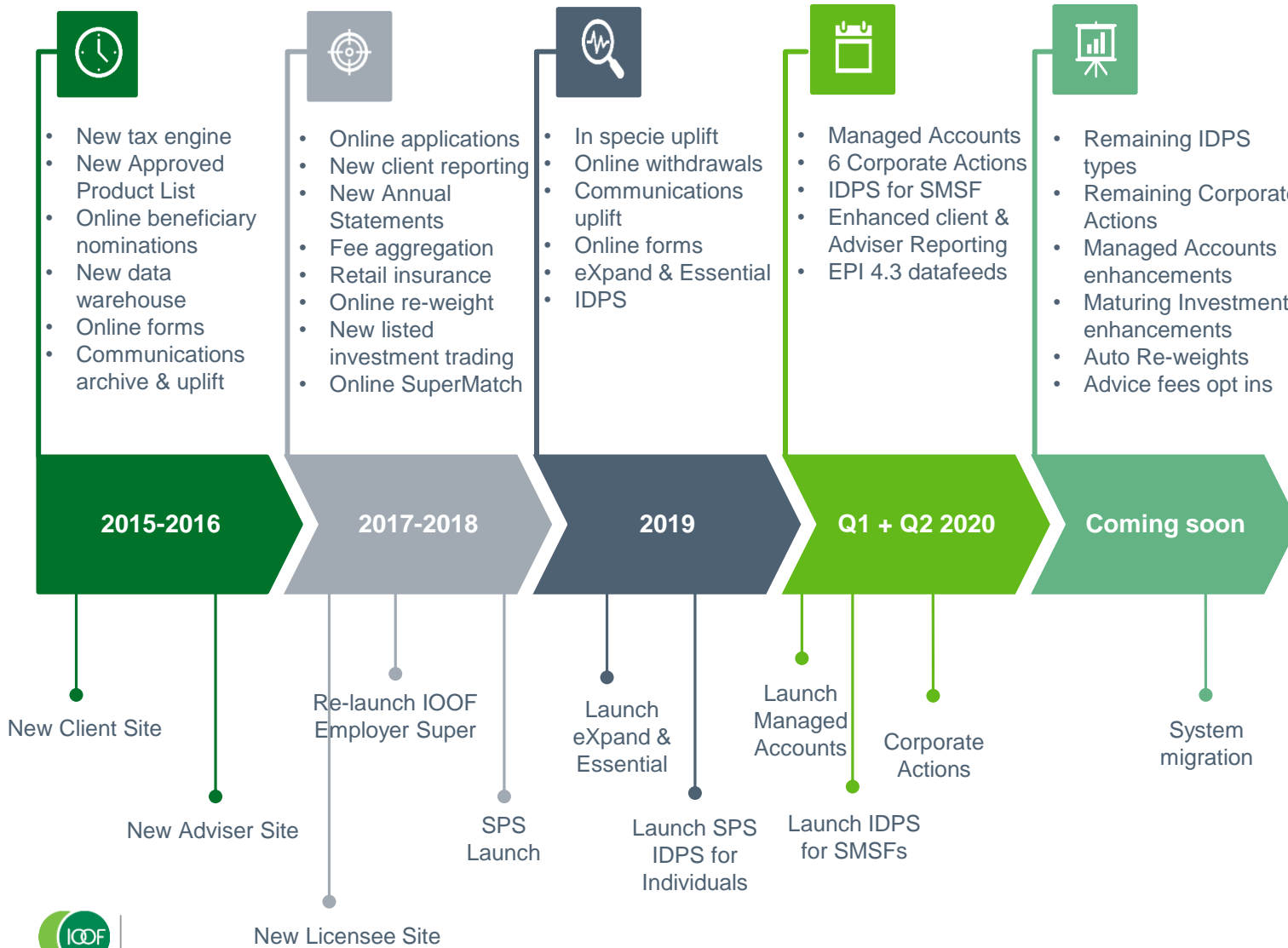
- › A flexible contemporary platform technology – one of few wholly proprietary platform technologies in the market
- › New digital assets designed in conjunction with clients
  - World class technology
  - Proven scalability
  - Significant reduction and manageable technology debt
  - Uniquely integrates the full product suite (workplace super, MySuper & choice, pension, IDPS, Managed Accounts)
- › Cost reductions (primarily IT & operations)
- › Embedded ClientFirst value proposition
- › Overall business simplification & efficiency
- › 100% owned and operated Platform to accommodate ANZ P&I and future M&A



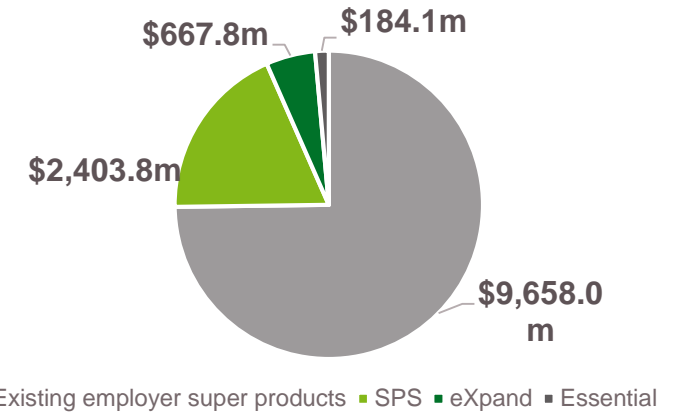
## Revealed Importance - Underlying Satisfaction Drivers



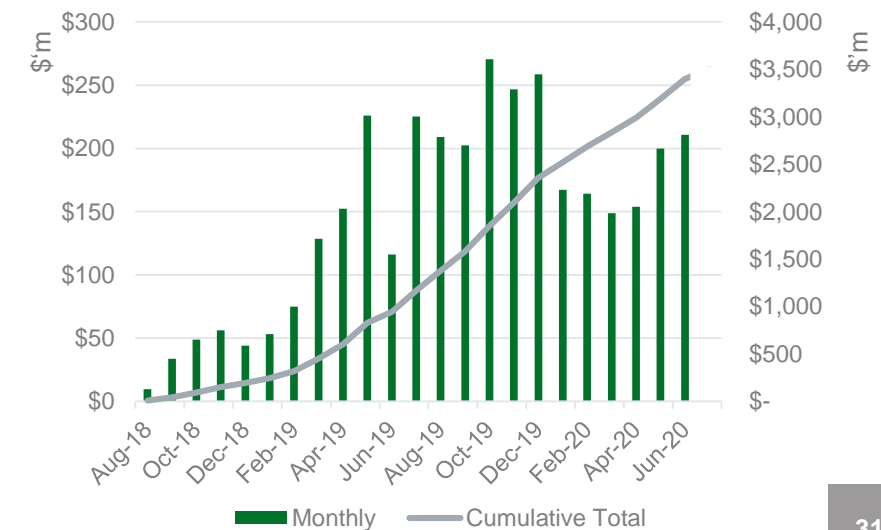
# Evolve | Progress to date



## FuAdmin in Evolve products at 30 June 2020 - \$12.9b



## FuAdmin growth in new products – SPS, eXpand, Essential - \$3.3b



# Advice 2.0 | Reshaping Advice – improving the quality and affordability of advice

Stabilise

Transform

We have laid the foundations over the last 18 months

From 31 August 2020

## We've brought our people and teams together

- › Combined events for Elevate & Elevate online
- › Centralised Tech Services, supporting 1200+ advisers
- › Centralised Events Management, Marketing & Comms team

## We've built a strong network of training and support

- › Professional standards, Advice Systems & Client Service webinars and support tools
- › Cyber Resilience Initiative
- › BID Review service
- › FASEA partnership with Kaplan

## We've streamlined and simplified our processes

- › One client service model
- › One set of professional standards
- › One scorecard and audit process
- › Harmonised onboarding processes
- › New pricing for FMR and alliances

## Conversion of Bridges to fully salaried network

- › BOLRs to be acquired at market rates as per contract – estimated spend; FY21: \$15-20 million, FY22: \$8-12 million

## Reorganisation of self-employed aligned advisers

- › Looking after the unique needs of our self-employed aligned advisers
- › Integrated businesses; Lonsdale, M3, IOOF Alliances
- › Holistic advice; RI Advice, Consultum

## Announcement of new operating structure

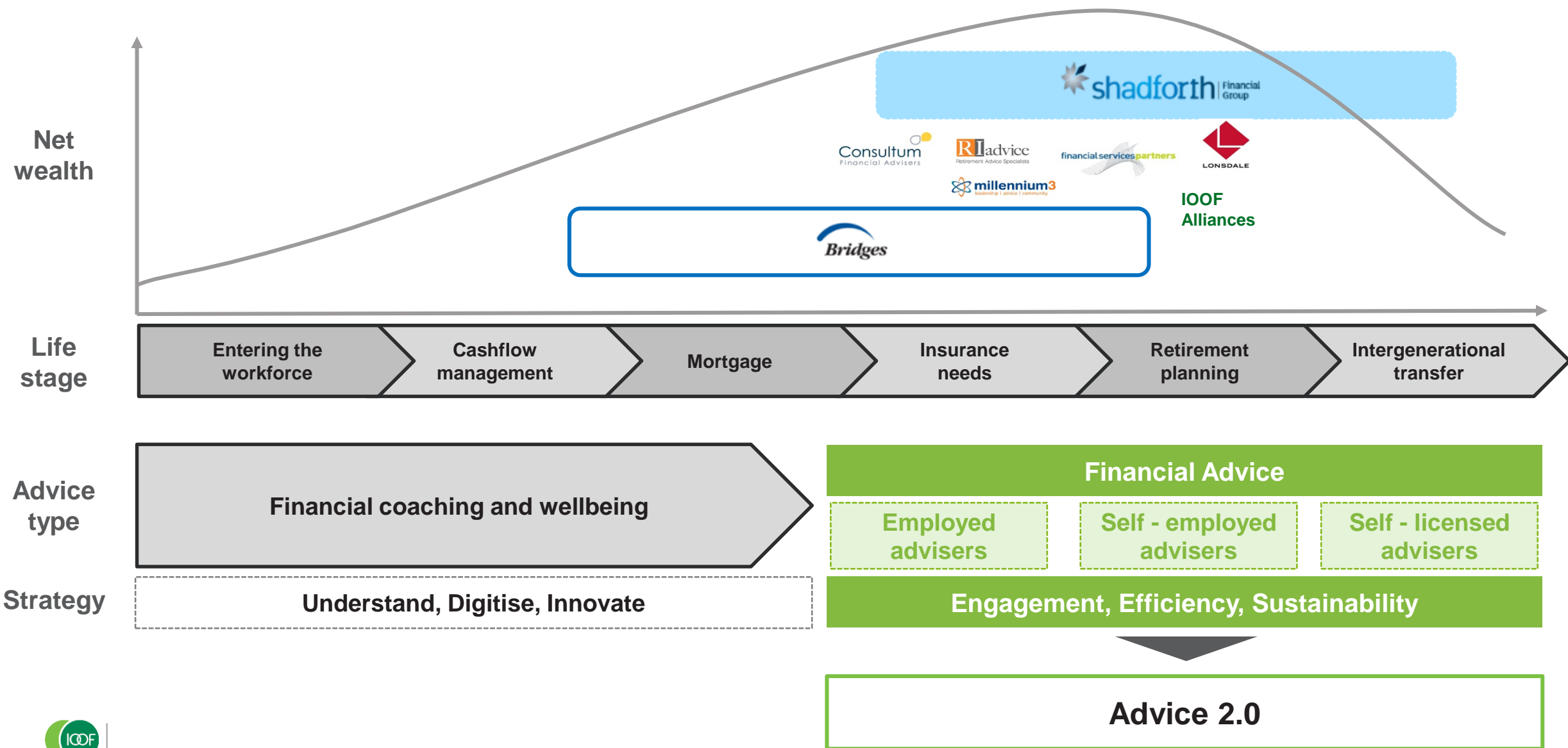
- › Designed around meeting the needs of clients
- › Differentiated employed advice offers;
  - › Bridges catering for partner institutions (credit unions, customer owned banks) - offering a scaled partner to provide financial planning services for their clients
- › Shadforth which is an established name and now a fiduciary certified advice firm offering holistic HNW solutions.

## Closure of FSP, Executive Wealth Management and Actuate licences

- › Support to be provided for the transition of advice practices into their choice of IOOF's licences



# Serving clients throughout their life cycle



# Advice 2.0 – the three pillars of change

## Engagement

Goals-based advice  
Accessible, affordable  
Engaging to Australians supported by clear client value propositions.

## Efficiency

Market-leading, best-practice advice models  
Streamlined advice generation, servicing and governance

## Sustainability

AFSLs that offer compelling value propositions across  
Provide choice reflecting value and risk  
Profitable without cross-subsidisation.

### Market-leading advice models

Engaging more clients and helping advisers become more efficient and practices profitable and sustainable by enhancing and digitising the advice process and client experience

- Enhanced Advice processes and client experience
  - Leveraging Advice Academy and ClientFirst mindsets
  - Advice ecosystem underpinned by integrated technologies and processes

### Wealth Central

- Client engagement platform

- Acquiring technology enables development to be guided by Advice delivery philosophy
- Digital tool that provides clients with transparency and the ability to engage on their terms.
- Promotes strong digital data collection behaviour and enables better governance oversight.
- \$30 million cash consideration possible over next two years. Anticipate immediate cost savings of \$750k in licensing fees

### Clear proposition structure

Ensuring a strong and clearly defined presence in each market with tailored resource profile

### Streamline resourcing

Collapsing 5 business streams into 2  
FY21 target run rate savings of ~\$7m p.a.

### Integrated data & governance service platform

Deliver streamlined oversight and insight to help proactive deliver improved quality and customised advice insights

### Fit for purpose practice profiling

Proactively manage licensee proactive profile to ensure appropriate partnership value proposition  
FY21 target run rate savings of ~\$3m p.a.

# Glossary

Term	Definition
AET	Australian Executor Trustees Limited ACN 007 869 794
AL	Aligned Licensee
Cost to Income Ratio	Ratio of underlying expenses relative to underlying operating revenues exclusive of the benefit funds and discontinued operations
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FUAdmin	Funds under administration
FUAdvice	Funds under advice
FUM	Funds under management
FUMA	Funds under management, advice and administration
IFAs	Independent financial advisers
IOOF	IOOF Holdings Ltd ACN 100 103 722
Net Operating Margin	Ratio of underlying revenues excluding net interest less underlying operating expenses relative to FUMA
PCP	Prior Comparative Period – Twelve months to 30 June 2019
RSE	Registrable Superannuation Entity
Underlying EBITA	Underlying Earnings Before Interest, Tax and Amortisation
Underlying EPS	Calculated with the same average number of shares on issues as the statutory EPS calculation utilising UNPAT as the numerator
UNPAT	Underlying net profit after tax and excludes the impact of certain non-operational financial items

Thank you!



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